

ILLINOIS COMMERCE COMMISSION

DOCKET NO. 01-0432

SURREBUTTAL TESTIMONY OF JOHN P. BARUD

NOVEMBER 14, 2001

I. Introduction and Purpose of Testimony

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1. Q. Please state your name, business address and present position.
- A. John P. Barud, 2460 North Jasper Street, Decatur, Illinois 62526. My present position is Senior Director – Metro North Region.
2. Q. Have you previously submitted testimony and exhibits in this proceeding?
- A. Yes. I previously submitted exhibits identified as IP Exhibits 2.1 through 2.12, Corrected Revised IP Exhibits 2.3, 2.4, 2.5, 2.6, 2.9 and 2.10, and IP Exhibits 2.13 through 2.16.
3. Q. What additional evidence are you submitting at this time?
- A. I am submitting IP Exhibit 2.17 which is my surrebuttal testimony, along with IP Exhibits 2.18 through 2.20, which were prepared by me or under my supervision.
4. Q. What is the purpose of your surrebuttal testimony?
- A. I am responding to the rebuttal testimony of People of the State of Illinois/Citizens Utility Board (“AG/CUB”) witness Effron and Staff witness Lazare concerning Energy Delivery-related electric distribution, general and intangible plant additions. In addition, I will also be updating the level of actual and planned Energy Delivery electric distribution, general and intangible plant additions.
- II. Post – December 31, 2000 Additions to Electric Distribution Plant**
5. Q. Are you updating the level of actual and planned electric distribution plant additions for funded projects, consistent with Staff witness Everson’s criteria?
- A. Yes. IP Exhibit 2.18 identifies the level of actual distribution plant additions through September 30, 2001, and remaining expenditures, for projects that have received

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23 funding approval as of September 30, 2001. The actual additions are shown in the
24 “Actual Additions as of 9/30/01” column. The level of “Actual Additions” for “Total
25 Distribution” as shown on page 3 of IP Exhibit 2.18 has increased from \$71,390,931 as
26 of August 31, 2001 to \$77,616,116 as of September 30, 2001. The amounts shown in
27 the “Remaining Additions” columns represent the balance of the planned additions
28 associated with electric distribution projects that have received funding approval as of
29 September 30, 2001. The “Total Additions” for “Total Distribution” as shown on page
30 3 of IP Exhibit 2.18 for projects with funding approval as of September 30, 2001 is
31 \$80,195,901.

32 **III. Post – December 31, 2000 Additions to Energy Delivery General Plant**

33 6. Q. Are you updating the level of actual and planned Energy Delivery general plant additions
34 for funded projects, consistent with Ms. Everson’s criteria?

35 A. Yes. IP Exhibit 2.19 identifies the level of actual general plant additions through
36 September 30, 2001, and remaining expenditures, for Energy Delivery general plant
37 projects that have received funding approval as of September 30, 2001. The actual
38 additions are shown in the “Actual Additions as of 9/30/01” column. The level of
39 “Actual Additions” shown on IP Exhibit 2.19 has increased from \$1,903,429 as of
40 August 31, 2001 to \$1,982,099 as of September 30, 2001. The “Total Additions” for
41 “Electric General Plant” as shown on IP Exhibit 2.19 for projects with funding approval
42 as of September 30, 2001 is \$1,976,455.

43 **IV. Post – December 31, 2000 Additions to Energy Delivery Intangible Plant**

44 7. Q. Are you updating the level of actual and planned Energy Delivery intangible plant
45 additions for funded projects, consistent with Ms. Everson’s criteria?

46 A. Yes. IP Exhibit 2.20 identifies the level of actual intangible plant additions through
47 September 30, 2001, and remaining expenditures, for Energy Delivery intangible plant
48 projects that have received funding approval as of September 30, 2001. The actual
49 additions are shown in the “Actual Additions as of 9/30/01” column. The level of

50 “Actual Additions” shown on IP Exhibit 2.20 has increased from \$678,620 as of
51 August 31, 2001 to \$713,744 as of September 30, 2001. The “Total Additions” for
52 “Electric Intangible Plant” as shown on IP Exhibit 2.20 for projects with funding
53 approval as of September 30, 2001 is \$1,303,082.

54 **V. Basis for Including Energy Delivery Plant Additions in Rate Base**

55 8. Q. Mr. Effron, in his rebuttal testimony, suggests that the Company is proposing to update
56 capital additions through May 2002. Is this an accurate description of your proposed
57 adjustments for Energy Delivery distribution, general and intangible plant capital
58 additions?

59 A. No. IP originally proposed to include capital additions through June 2002. However,
60 the Company has accepted Ms. Everson’s approach to limit the adjustment to projects
61 with funding approval as of September 30, 2001. As can be seen from IP Exhibits
62 2.18, 2.19 and 2.20, \$80.3 million of the total amount of these additions, or 83.6%,
63 were actual expenditures as of September 30, 2001. If the Company were to include
64 Energy Delivery distribution, general and intangible plant additions projected through
65 May or June 2002, the amount of the adjustment would be considerably larger.

66 9. Q. Mr. Lazare, in his rebuttal testimony, suggests that the Company has failed to
67 demonstrate that the Energy Delivery general and intangible plant additions relate solely
68 to the distribution function. Are the Energy Delivery general and intangible plant capital
69 additions that have been placed in service since January 1, 2000, as shown on IP
70 Exhibits 2.4 and 2.5, and the general and intangible plant additions being placed in
71 service subsequent to January 1, 2001, as shown on IP Exhibits 2.19 and 2.20,
72 intended for use solely in the Company’s energy delivery business?

73 A. Yes. All of the projects shown and described on these exhibits were conceived and
74 justified solely for utilization by the energy delivery business functions of electric
75 distribution, gas distribution and electric transmission.

76 10. Q. Does this conclude your prepared surrebuttal testimony?

77 A. Yes, it does.

ILLINOIS POWER COMPANY

Development of Overall Rate Base Adjustment
For Electric Distribution Plant

| Line No. | FERC Account | New Business | | | Rebuild Due to Condition | | |
|----------|--------------|--------------------------------|---------------------|-----------------|--------------------------------|---------------------|-----------------|
| | | Actual Additions as of 9/30/01 | Remaining Additions | Total Additions | Actual Additions as of 9/30/01 | Remaining Additions | Total Additions |
| 1 | 360 | | | | | | |
| 2 | 361 | \$ (6,446) | \$ | (6,446) | \$ 414 | \$ | 414 |
| 3 | 362 | 42,506 | \$ | 42,506 | 7,749 | \$ | 7,749 |
| 4 | 363 | | | | | | |
| 5 | 364 | 5,101,702 | | 5,831,206 | 7,161,038 | \$ 1,772,180 | 8,933,218 |
| 6 | 365 | 5,049,240 | | 5,778,744 | 7,128,809 | 1,771,054 | 8,899,863 |
| 7 | 366 | 3,102,516 | | 5,418,414 | 736,471 | 0 | 736,471 |
| 8 | 367 | 4,653,775 | | 3,473,846 | 1,104,706 | 0 | 1,104,706 |
| 9 | 368 | 9,141,514 | 0 | 9,141,514 | 110 | 0 | 110 |
| 10 | 369 | | | | | | |
| 11 | 370 | | | | 2,000,003 | 0 | 2,000,003 |
| 12 | 371 | | | | | | |
| 13 | 372 | | | | | | |
| 14 | 373 | 192,363 | 0 | 192,363 | 118,171 | 4,130 | 122,301 |
| 15 | Total | \$ 27,277,170 | \$ 7,248,752 | \$ 34,525,922 | \$ 18,257,471 | \$ 3,547,364 | \$ 21,804,835 |

ILLINOIS POWER COMPANY

Development of Overall Rate Base Adjustment
For Electric Distribution Plant

| Line No. | FERC Account | Rebuild Due to Capacity | | | Substation Equipment | | |
|----------|--------------|--------------------------------|---------------------|-----------------|--------------------------------|---------------------|-----------------|
| | | Actual Additions as of 9/30/01 | Remaining Additions | Total Additions | Actual Additions as of 9/30/01 | Remaining Additions | Total Additions |
| 1 | 360 | | | | | | |
| 2 | 361 | | | | \$ 852,926 | \$ 49,919 | \$ 902,845 |
| 3 | 362 | | | | 16,152,740 | 709,603 | 16,862,343 |
| 4 | 363 | | | | | | |
| 5 | 364 | \$ 4,542,537 | \$ 1,338,809 | \$ 5,881,346 | 107,539 | 1,134 | 108,673 |
| 6 | 365 | 4,542,537 | 1,338,809 | 5,881,346 | 107,539 | 1,134 | 108,673 |
| 7 | 366 | 0 | 0 | 0 | 0 | 0 | 0 |
| 8 | 367 | 0 | 0 | 0 | 0 | 0 | 0 |
| 9 | 368 | | | | 52,851 | 238,859 | 291,710 |
| 10 | 369 | | | | | | |
| 11 | 370 | | | | | | |
| 12 | 371 | | | | | | |
| 13 | 372 | | | | | | |
| 14 | 373 | | | | | | |
| 15 | Total | \$ 9,085,074 | \$ 2,677,618 | \$ 11,762,692 | \$ 17,273,595 | \$ 1,000,649 | \$ 18,274,244 |

ILLINOIS POWER COMPANY
Development of Overall Rate Base Adjustment
For Electric Distribution Plant

| Line No. | FERC Account | Relocate | | | Total Distribution | | |
|----------|--|--------------------------------|---------------------|---------------------|--------------------------------|----------------------|----------------------|
| | | Actual Additions as of 9/30/01 | Remaining Additions | Total Additions | Actual Additions as of 9/30/01 | Remaining Additions | Total Additions |
| 1 | 360 | | | | | | |
| 2 | 361 | | | | \$ 846,894 | \$ 49,919 | \$ 896,813 |
| 3 | 362 | | | | 16,202,995 | 709,603 | 16,912,598 |
| 4 | 363 | | | | | | |
| 5 | 364 | \$ 2,881,298 | \$ 267,755 | \$ 3,149,053 | 19,794,114 | 4,109,382 | 23,903,496 |
| 6 | 365 | 2,881,298 | 267,755 | 3,149,053 | 19,709,423 | 4,108,256 | 23,817,679 |
| 7 | 366 | (15,916) | 45,063 | 29,147 | 3,823,071 | 2,360,961 | 6,184,032 |
| 8 | 367 | (23,874) | 67,595 | 43,721 | 5,734,607 | 3,541,441 | 9,276,048 |
| 9 | 368 | | | | 9,194,475 | 238,859 | 9,433,334 |
| 10 | 369 | | | | | | |
| 11 | 370 | | | | 2,000,003 | 0 | 2,000,003 |
| 12 | 371 | | | | | | |
| 13 | 372 | | | | | | |
| 14 | 373 | | | | 310,534 | 4,130 | 314,664 |
| 15 | Total | <u>\$ 5,722,806</u> | <u>\$ 648,168</u> | <u>\$ 6,370,974</u> | <u>\$ 77,616,116</u> | <u>\$ 15,122,551</u> | <u>\$ 92,738,667</u> |
| 16 | Retirements related to the above additions | | | | | | <u>(12,542,766)</u> |
| 17 | Additions net of retirements | | | | | | <u>\$ 80,195,901</u> |

ILLINOIS POWER COMPANY

Development of Overall Rate Base Adjustment
For Electric General Plant

| Line No. | FERC Account | Electric General Plant 1) | | |
|----------|--|--------------------------------|---------------------|-----------------|
| | | Actual Additions as of 9/30/01 | Remaining Additions | Total Additions |
| 1 | 389 | \$ - | \$ - | \$ - |
| 2 | 390 | 211,175 | 28,248 | 239,423 |
| 3 | 391 | 277,399 | 0 | 277,399 |
| 4 | 392 | 1,013,027 | 0 | 1,013,027 |
| 5 | 393 | | | |
| 6 | 394 | 0 | | 0 |
| 7 | 395 | 0 | | 0 |
| 8 | 396 | | | |
| 9 | 397 | 480,498 | 36,108 | 516,606 |
| 10 | Total | \$ 1,982,099 | \$ 64,356 | \$ 2,046,455 |
| 11 | Retirements related to the above additions | | | (70,000) |
| 12 | Additions net of retirements | | | \$ 1,976,455 |

1) The amounts shown on this exhibit are the portions of the total project costs allocated to electric distribution.

ILLINOIS POWER COMPANY

General Plant

Projects Scheduled for Completion During the Period January 1, 2001 through June 30, 2002 1)

| Line No. | Name of Project | Month/Year Placed In Service | Total Plant Addition Amount | Jurisdictional Electric Distribution Allocation Percentage 2) | Amount Allocated to Electric Distribution |
|----------|---|------------------------------|-----------------------------|---|---|
| 1 | Fleet - Electric Distribution | various | \$ 1,749,615 | 57.9% | \$ 1,013,027 |
| 2 | Replace BellSouth Alarm Transmitter with MOSCAD | Dec-01 | 188,865 | 57.9% | 109,353 |
| 3 | Smartzone Upgrade of Mobile and Handheld Radios | Oct-01 | 395,679 | 57.9% | 229,098 |
| 4 | Replace Mobile Data Terminals | Jun-02 | 352,842 | 57.9% | 204,296 |
| 5 | Replace Service Area Building Roof - Hillsboro | Aug-01 | 300,686 | 57.9% | 174,097 |
| 6 | Galesburg Telecommunication System and Network | July-01 | 307,694 | 57.9% | 178,155 |
| 7 | Galesburg Office Equipment | July-01 | 126,258 | 57.9% | 73,103 |
| 8 | Small General Plant Projects | various | <u>112,826</u> | 57.9% | <u>65,326</u> |
| 9 | Total General Plant Projects | | <u>\$ 3,534,465</u> | | <u>\$ 2,046,455</u> |

1) The project descriptions are shown on IP Exhibit 2.15

2) Based on labor allocation factors presented by IP witness Carter, see IP Exhibit 1.4

ILLINOIS POWER COMPANY

Development of Overall Rate Base Adjustment
For Electric Intangible Plant

| Line No. | FERC Account | Electric Intangible Plant 1) | | |
|----------|--------------|--------------------------------|---------------------|-----------------|
| | | Actual Additions as of 9/30/01 | Remaining Additions | Total Additions |
| 1 | 303 | \$ 713,744 | 589,338 | \$ 1,303,082 |
| 2 | Total | \$ 713,744 | \$ 589,338 | \$ 1,303,082 |

1) The amounts shown on this exhibit are the portions of the total project costs allocated to electric distribution.

ILLINOIS POWER COMPANY

Intangible Plant

Projects Scheduled for Completion During the Period January 1, 2001 through June 30, 2002 1)

| <u>Line No.</u> | <u>Name of Project</u> | <u>Year Placed In Service</u> | <u>Total Plant Addition</u> | <u>Electric Distribution Jurisdictional Allocation Percentage 2)</u> | <u>Amount Allocated to Electric Distribution</u> |
|-----------------|---|-------------------------------|-----------------------------|--|--|
| 1 | Reliability Centered Maintenance | February-02 | \$ 895,406 | 57.9% | \$ 518,440 |
| 2 | Resource Management Transition Enhancements | March-02 | 804,159 | 57.9% | 465,608 |
| 3 | Small Intangible Plant Projects | various | <u>551,009</u> | 57.9% | <u>319,034</u> |
| 4 | Total Intangible Plant Projects | | <u>\$ 2,250,574</u> | | <u>\$ 1,303,082</u> |

1) The project descriptions are shown on Corrected Revised IP Exhibit 2.10

2) Based on labor allocation factors presented by IP witness Carter, see IP Exhibit 1.4